

NEWS RELEASE



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For Immediate Release

**DEFENSE CONTRACTOR PLEADS GUILTY TO CHARGES INVOLVING
ILLEGAL CAMPAIGN CONTRIBUTIONS**

NEWS RELEASE SUMMARY - February 11, 2004

United States Attorney Carol C. Lam, Federal Bureau of Investigation Special Agent-in-Charge Daniel R. Dzwilewski, Internal Revenue Service Special Agent-in-Charge Denise Rubin, Defense Criminal Investigative Service Resident Agent-in-Charge Jon Clark, and Naval Criminal Investigative Service Special Agent-in-Charge John Cooper today announced that Parthasarathi Majumder and his company, Science and Applied Technology, Inc. ("SAT") pled guilty to Conspiring to Defraud the United States as a result of providing illegal campaign contributions to Representatives Duncan Hunter (R - CA), Randy "Duke" Cunningham (R - CA), Senator John Kerry (D - MA) and others. In addition, SAT pled guilty to making unlawful campaign contributions in violation of Title 2, United States Code, Section 441(b).

According to Assistant United States Attorneys Phillip L.B. Halpern and Kyle W. Hoffman, who are assigned to the prosecution, the plea agreement acknowledges that beginning in 1993 and continuing up to

December 1998, Majumder solicited employees, subcontractors and personal friends to contribute to various politicians he believed could affect the awarding of business -- or the release of funds -- to defendant SAT. If individuals were unwilling to utilize their own funds to make these campaign contributions, Majumder would illegally reimburse these "conduit" donors by: (1) providing them with cash payments; (2) writing checks drawn on his personal checking account; (3) instructing SAT's payroll clerk to award them bonuses; and/or (4) instructing subcontractors to inflate labor hours on their SAT time sheets to cover the amount of the contributions.

As noted in the plea agreement, Majumder reimbursed a number of "conduits" utilizing in excess of \$20,000 in cash payments, personal checks and other funds. As a result of these reimbursements, Majumder caused multiple false reports to be made to the Federal Election Commission by campaign treasurers working on behalf of Senator John Kerry (D - MA), Congressman Randy "Duke" Cunningham (R - CA), and Congressman Duncan Hunter (R - CA) to unwittingly file multiple false reports with the Federal Elections Commission. These reports concealed the fact that Majumder was funding the contributions that were submitted in the name of the conduit contributors.

The plea agreement also details how Majumder improperly converted funds received under federal contracts in an attempt to lobby members of Congress and the Executive Branch in connection with the awarding and administration of the Advanced Anti-Radiation Guided Missile ("AARGM") program that was being developed by SAT. To date, the United States has paid SAT over \$150 million for the design and development of the AARGM program. Majumder also improperly categorized these lobbying payments as "consulting fees" in an effort to conceal and disguise the improper nature of the payments.

In addition, the plea agreement details how Majumder created false expenses (by improperly deducting lobbying and other expenses) on SAT's corporate tax return (the income of which flowed through to his personal income tax return) in an effort to impair and impede the ability of the Internal Revenue Service to collect the taxes rightfully due and owing the Government.

Today's plea arises from violations of the Federal Election Campaign Act ("FECA"), which instituted disclosure requirements for federal candidates, political parties and political action committees ("PACs"). FECA also imposed limitations on the amounts that individuals could contribute in any single federal campaign. One of the limitations imposed on individuals by FECA was a prohibition against using the name of another when making a campaign contribution to a candidate seeking federal office. This prohibition included the giving of funds to another to allow that individual to make a donation. Such a donor is referred to as a "straw donor" or a "conduit" -- since the donor is acting as a conduit that is merely passing on another person's funds to the federal candidate.

Today's plea follows a civil settlement agreement between the United States, SAT and Majumder entered on December 18, 2003. Pursuant to the civil settlement, SAT and Majumder paid the United States \$3,049,098 for violations of the False Claims Act, 31 U.S.C. §§ 3729-3733, for submitting false claims under a government contract relating to the AARGM program. The civil damages amount previously paid by SAT and Majumder constituted the repayment of campaign contributions, lobbying costs and legal fees improperly billed to the government contract.

AUSA Hoffman noted that FECA also prohibits corporations from making direct contributions or expenditures in connection with the nomination and election of candidates for federal office. This prohibition was added to prevent corporations from distorting and corrupting the political process. Further, it protects the rights of shareholders not to have their shared capital used for political purposes they did not support. AUSA Halpern stated that FECA also made it illegal for federal contractors to make campaign contributions to influence the election of federal candidates. This prohibition forbids corporations that have entered into – or are negotiating – contracts with the United States Government from attempting to influence federal officials (that might be in a position to influence the awarding or administration of those contracts) through political donations.

United States Attorney Lam stated, "The voting process is the foundation of American democracy, and this office will vigorously prosecute conduct that threatens to undermine the integrity of that process."

The United States Attorney also stressed that the investigation did not reveal any evidence that the elected officials were aware of Majumder's illegal activity.

DEFENDANTS

Parthasarathi Majumder

Science and Applied Technology, Inc.

SUMMARY OF CHARGES AND MAXIMUM PENALTIES

Criminal Case No. 02-CR1966-MJL

Conspiracy to Defraud the United States in violation of 18 U.S.C. § 371 (Count 1). Maximum penalty is five years and/or \$250,000 per count. [Majumder and SAT]

Illegal Campaign Contributions by Corporation (Count 28) in violation of 2 U.S.C. § 441b(a). Maximum penalty is one year and/or \$25,000 per count. [SAT].

PARTICIPATING AGENCIES

Federal Bureau of Investigation

United States Internal Revenue Service, Criminal Investigation Division

United States Internal Revenue Service, Examination Division

Defense Criminal Investigative Service

Naval Criminal Investigative Service

Defense Contract Audit Agency